

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE ELECTRIC COMPANY for reconciliation of its)	
power supply cost recovery plan for the 12-month)	Case No. U-17920-R
period ended December 31, 2016.)	
_____)	

At the December 7, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING AMENDED SETTLEMENT AGREEMENT

On March 31, 2017, DTE Electric Company (DTE Electric) filed an application, with supporting testimony and exhibits, requesting approval of its reconciliation of power supply cost recovery expenses and revenues for the 12-month period ended December 31, 2016.

On June 7, 2017, a prehearing conference was held before Administrative Law Judge Dennis W. Mack (ALJ). The ALJ granted petitions for leave to intervene filed by the Michigan Department of the Attorney General (Attorney General) and the Michigan Environmental Council (MEC). The Commission Staff (Staff) also participated in the proceeding. Subsequently, DTE Electric, the Staff, and the Attorney General filed an amended settlement agreement resolving all issues in the case. On December 5, 2017, MEC filed a Statement of Non-Objection to the amended settlement agreement.

The Commission has reviewed the amended settlement agreement and finds that the public interest is adequately represented by the parties who entered into the amended settlement agreement. The Commission further finds that the amended settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The amended settlement agreement, attached as Exhibit A, is approved.
- B. DTE Electric Company's net power supply cost underrecovery balance of \$2,695,641, inclusive of interest, shall be reflected as the company's 2017 power supply cost recovery reconciliation beginning balance.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 7, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of)	
DTE ELECTRIC COMPANY for)	
Reconciliation of its Power Supply)	Case No. U-17920-R
Cost Recovery Plan for the 12-month Period)	(Paperless e-file)
<u>Ending December 31, 2016</u>)	

AMENDED SETTLEMENT AGREEMENT

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Public Service Commission’s (“MPSC” or “Commission”) Rules of Practice and Procedure, R 792.10431, and supported by the Commission’s own policy encouraging settlement of contested issues, DTE Electric Company (“DTE Electric” or “Company”), the Commission Staff (“Staff”), the Michigan Environmental Coalition (“MEC”) and the Michigan Attorney General (“AG”) (hereafter, collectively referred to as the “Parties”) have resolved through settlement discussions all issues before the Commission in the above captioned case and agree as follows:

1. DTE Electric filed its Application with the Commission on March 31, 2017 for approval of the Company’s reconciliation of 2016 PSCR expenses with the revenues collected through the operation of the PSCR process during the 2016 PSCR year resulting in a total under-recovery at year-end 2016 of \$18,248,494, including interest, for all PSCR customers. The Company filed the supporting testimony and exhibits of Messrs. Pogats, Dugan, Burgdorf, Marietta, O’Neill, Pratt, and Ms. Brodnax, Holmes, and Musonera, contemporaneously with its Application.

2. Appropriate service was accomplished by DTE Electric and the Company filed proofs of service and affidavits of publication in this docket on June 6, 2017.

3. On June 7, 2017, a prehearing conference was held. Administrative Law Judge Honorable Dennis W. Mack presided over the proceeding. DTE Electric, Staff, MEC and the AG appeared by and through counsel and were granted party status in the proceeding.

4. After the Company's March 31, 2017 filing in this case, on July 12, 2017, the Commission issued an order in Case No. U-17680-R, the Company's 2015 PSCR reconciliation that increased the Company's 2015 PSCR over-recovery. The Commission approved an over recovery of \$29,527,496, including interest, to be used as the Company's beginning balance in its 2016 PSCR Reconciliation. On August 4, 2017, the Company filed a claim of appeal with the Michigan Court of Appeals regarding the Severstal disallowance contained in the Commission's July 12, 2017 Order in Case No. U-17680-R.

5. The Parties have engaged in settlement discussions. As a result of these settlement discussions, the Parties have reached agreement on all issues before the Commission in the above captioned case.

6. The Parties agree that DTE Electric does not waive, and specifically reserves its right to continue, pursuit of the Company's claim of appeal with the Michigan Court of Appeals (and any appeals to the Michigan Supreme Court therefrom) regarding the Severstal disallowance of \$13,450,310, plus interest effects thereon contained in the Commission's July 12, 2017 Order in Case No. U-17680-R. The Parties also agree that this Settlement Agreement under-recovery amount shall include the Severstal disallowance contained in the Commission's July 12, 2017 Order in Case No. U-17680-R and DTE Electric shall presently recover a total PSCR under-recovery in the amount of \$2,695,641 for year ending 2016, including interest, from all PSCR customers, through a roll-in to the 2017 PSCR reconciliation beginning balance but if the Company is successful in its appeal of the

Commission's July 12, 2017 Order in Case No. U-17680-R, DTE Electric's 2015 PSCR reconciliation, this PSCR under-recovery will be adjusted accordingly in a future PSCR reconciliation.

7. The Parties also agree that all other aspects of the Company's 2016 PSCR reconciliation not explicitly described or mentioned in this Settlement Agreement are reasonable and prudent and that the Commission should approve the Company's 2016 PSCR reconciliation in its entirety.

8. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the Parties to the settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

9. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-17920-R. If the Commission approves this Settlement Agreement without modification, the undersigned Parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise stated in this Settlement Agreement, the Parties agree and understand that this Settlement Agreement does not limit any Party's right to take new or different positions on similar issues in other administrative proceedings, or appeals.

10. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any Party.

11. The Parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

12. This Settlement Agreement may be executed in multiple counterparts.

WHEREFORE, the undersigned Parties respectfully request that the Commission approve this Settlement Agreement without modification, and make it effective, in accordance with its terms, by final order.

Dated: December 1, 2017

Jon P.
Christin
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Digitally signed by: Jon P. Christinidis
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